

109TH CONGRESS
1ST SESSION

H. R. 1421

To amend the Internal Revenue Code of 1986 to allow for an energy efficient appliance credit.

IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2005

Mr. NUSSLE (for himself, Mr. TANNER, Mr. LATHAM, Mr. KING of Iowa, Mr. BOSWELL, Mrs. JOHNSON of Connecticut, Mr. LEWIS of Kentucky, and Mr. WAMP) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow for an energy efficient appliance credit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Resource Efficient Ap-
5 pliance Incentives Act of 2005.”.

6 **SEC. 2. CREDIT FOR ENERGY EFFICIENT APPLIANCES.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to business-related credits) is amended by
 2 adding at the end the following new section:

3 **“SEC. 45J. ENERGY EFFICIENT APPLIANCE CREDIT.**

4 “(a) GENERAL RULE.—

5 “(1) IN GENERAL.—For purposes of section 38,
 6 the energy efficient appliance credit determined
 7 under this section for the taxable year is an amount
 8 equal to the sum of the credit amounts determined
 9 for each type of qualified energy efficient appliance.

10 “(2) CREDIT AMOUNTS.—The credit amount
 11 determined for a type of qualified energy efficient
 12 appliance is the sum of—

13 “(A) the applicable amount determined
 14 under subsection (b) with respect to a qualified
 15 energy efficient appliance, multiplied by

16 “(B) the number of such appliances pro-
 17 duced by the taxpayer in the United States dur-
 18 ing the calendar year ending with or within the
 19 taxable year.

20 “(b) APPLICABLE AMOUNT; ELIGIBLE PRODUC-
 21 TION.—For purposes of subsection (a)—

22 “(1) APPLICABLE AMOUNT.—

23 “(A) IN GENERAL.—The applicable
 24 amount determined under this subsection is the
 25 amount determined under the following table:

“Qualified Energy Efficient Appliance	Produced in calendar year—	Applicable amount is—
Clothes washer with at least 1.42 MEF.	2005	\$50
Clothes washer with MEF at least Energy Star level in effect in 2007.	2005, 2006, or 2007	\$100
Clothes washer with MEF at least Energy Star level in effect in 2010.	2008, 2009, or 2010	\$150
Dishwasher with EF at least Energy Star level in effect in 2007.	2006, 2007, 2008, or 2009	\$75
Refrigerator consuming at least 15 percent less kilowatt hours per year than 2001 energy conservation standard.	2005 or 2006	\$100
Refrigerator consuming at least 20 percent less kilowatt hours per year than 2001 energy conservation standard.	2005, 2006, 2007, 2008, or 2009	\$150
Refrigerator consuming at least 25 percent less kilowatt hours per year than 2001 energy conservation standard.	2010	\$150

1 “(B) OTHER APPLIANCES.—In the case of
2 any appliance not described in the table in sub-
3 paragraph (A), the applicable amount shall be
4 zero.

5 “(2) ELIGIBLE PRODUCTION.—

6 “(A) IN GENERAL.—The eligible produc-
7 tion in a calendar year with respect to each
8 type of energy efficient appliance described in
9 the table in paragraph (1) is the excess of—

10 “(i) the number of appliances of such
11 type which meet the energy efficiency de-
12 scribed for such type in the table in para-
13 graph (1) and which are produced by the
14 taxpayer during such calendar year, over

1 “(ii) the average number of appliances
 2 of such type which meet the energy effi-
 3 ciency described for such type in the table
 4 in paragraph (1) and which were produced
 5 by the taxpayer (or any predecessor) dur-
 6 ing the preceding 3-calendar year period.

7 “(B) SPECIAL RULE FOR 2005 PRODUC-
 8 TION.—For purposes of determining eligible
 9 production for calendar year 2005—

10 “(i) only production after the date of
 11 enactment of this section shall be taken
 12 into account under subparagraph (A)(i),
 13 and

14 “(ii) the amount taken into account
 15 under subparagraph (A)(ii) shall be an
 16 amount which bears the same ratio to the
 17 amount which would (but for this subpara-
 18 graph) be taken into account under sub-
 19 paragraph (A)(ii) as—

20 “(I) the number of days in cal-
 21 endar year 2005 after the date of en-
 22 actment of this section, bears to

23 “(II) 365.

24 “(c) LIMITATIONS.—

1 “(1) AGGREGATE CREDIT AMOUNT ALLOWED.—

2 The aggregate amount of credit allowed under sub-
3 section (a) with respect to a taxpayer for all taxable
4 years shall not exceed \$75,000,000, reduced by the
5 amount of the credit allowed under subsection (a) to
6 the taxpayer (or any predecessor) for any prior tax-
7 able year.

8 “(2) AMOUNT ALLOWED FOR CERTAIN APPLI-
9 ANCES.—

10 “(A) IN GENERAL.—In the case of appli-
11 ances described in subparagraph (B), the aggre-
12 gate amount of the credit allowed under sub-
13 section (a) with respect to a taxpayer for all
14 taxable years shall not exceed \$35,000,000, re-
15 duced by the amount of the credit allowed
16 under subsection (a) to the taxpayer (or any
17 predecessor) for any prior taxable year with re-
18 spect to such appliances.

19 “(B) APPLIANCES DESCRIBED.—The appli-
20 ances described in this subparagraph are—

21 “(i) clothes washers with at least a
22 1.42 MEF, as described in the table in
23 subsection (b)(1),

24 “(ii) refrigerators which consume at
25 least 15 percent less kilowatt hours per

1 year than applicable energy conservation
 2 standards, as described in such table, and
 3 “(iii) dishwashers described in such
 4 table.

5 “(3) LIMITATION BASED ON GROSS RE-
 6 CEIPTS.—The credit allowed under subsection (a)
 7 with respect to a taxpayer for the taxable year shall
 8 not exceed an amount equal to 2 percent of the aver-
 9 age annual gross receipts of the taxpayer for the 3
 10 taxable years preceding the taxable year in which
 11 the credit is determined.

12 “(4) GROSS RECEIPTS.—For purposes of this
 13 subsection, the rules of paragraphs (2) and (3) of
 14 section 448(c) shall apply.

15 “(d) DEFINITIONS.—For purposes of this section—

16 “(1) QUALIFIED ENERGY EFFICIENT APPLI-
 17 ANCE.—The term ‘qualified energy efficient appli-
 18 ance’ means an appliance described in the table in
 19 subsection (b)(1).

20 “(2) CLOTHES WASHER.—The term ‘clothes
 21 washer’ means a residential model clothes washer,
 22 including a residential style coin operated washer.

23 “(3) REFRIGERATOR.—The term ‘refrigerator’
 24 means a residential model automatic defrost refrig-

1 erator-freezer which has an internal volume of at
2 least 16.5 cubic feet.

3 “(4) DISHWASHER.—The term ‘dishwasher’
4 means a residential dishwasher subject to the energy
5 conservation standards established by the Depart-
6 ment of Energy.

7 “(5) MEF.—The term ‘MEF’ means the modi-
8 fied energy factor, as determined by the Secretary of
9 Energy.

10 “(6) ENERGY FACTOR.—The term ‘EF’ means
11 the energy factor established by the Department of
12 Energy for compliance with the Federal energy con-
13 servation standards.

14 “(7) PRODUCED.—The term ‘produced’ in-
15 cludes manufactured.

16 “(8) 2001 ENERGY CONSERVATION STAND-
17 ARD.—The term ‘2001 energy conservation stand-
18 ard’ means the energy conservation standards pro-
19 mulgated by the Department of Energy and effective
20 July 1, 2001.

21 “(e) SPECIAL RULES.—For purposes of this sec-
22 tion—

23 “(1) IN GENERAL.—Rules similar to the rules
24 of subsections (c), (d), and (e) of section 52 shall
25 apply.

1 “(2) CONTROLLED GROUP.—

2 “(A) IN GENERAL.—All persons treated as
3 a single employer under subsection (a) or (b) of
4 section 52 or subsection (m) or (o) of section
5 414 shall be treated as a single producer.

6 “(B) INCLUSION OF FOREIGN CORPORA-
7 TIONS.—For purposes of subparagraph (A), in
8 applying subsections (a) and (b) of section 52
9 to this section, section 1563 shall be applied
10 without regard to subsection (b)(2)(C) thereof.

11 “(3) VERIFICATION.—No amount shall be al-
12 lowed as a credit under subsection (a) with respect
13 to which the the taxpayer has not submitted such in-
14 formation or certification as the Secretary, in con-
15 sultation with the Secretary of Energy, determines
16 necessary.”.

17 (b) CONFORMING AMENDMENT.—Section 38(b) of
18 the Internal Revenue Code of 1986 (relating to general
19 business credit) is amended by striking “plus” at the end
20 of paragraph (18), by striking the period at the end of
21 paragraph (19) and inserting “, plus”, and by adding at
22 the end the following new paragraph:

23 “(20) the energy efficient appliance credit de-
24 termined under section 45J(a).”.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for subpart D of part IV of subchapter A of chapter 1
3 of the Internal Revenue Code of 1986 is amended by add-
4 ing at the end the following new item:

“Sec. 45J. Energy efficient appliance credit.”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to appliances produced after De-
7 cember 31, 2004, in taxable years ending after such date.

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